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The opportunity of a Southern port

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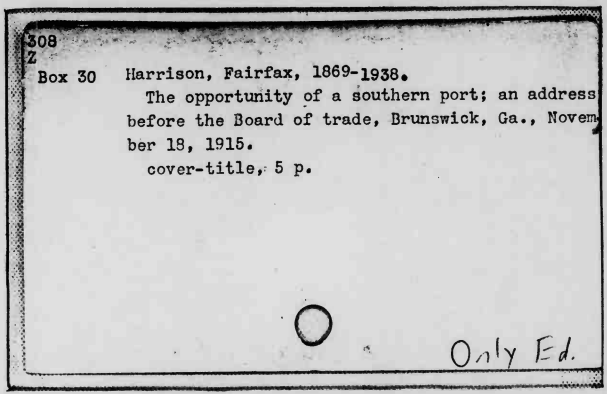
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The Opportunity of a Southern Port

An Address
Before the Board of Trade
Brunswick, Ga., November 18, 1915

By
FAIRFAX HARRISON
President, Southern Railway Company

THE OPPORTUNITY OF A SOUTHERN PORT

What will be the ultimate and lasting economic effects of the war in Europe no man can tell. Its progress has been marked by world-wide changes. In our own land certain industries have been temporarily stimulated, others have been temporarily depressed, and, for the time being, we have unprecedented opportunities in the markets of some of the belligerent countries and in all neutral countries.

The end of the war will bring about readjustment. The demand for munitions and military supplies will greatly diminish and the peoples of the belligerent countries may be expected diligently to endeavor to regain their lost ground in the markets of the world.

I need not tell Southern business men of the opportunities that exist in our domestic markets and in those of foreign countries, especially in Central and South America and the West Indies, but I will attempt to make some suggestions of practical value as to how the Southern ports may best utilize existing opportunities in foreign markets.

My first suggestion is that, while not neglecting any so-called "war orders" that may be available, in the interest of permanent prosperity attention should be given primarily and particularly to efforts to develop trade in commodities for which the demand will continue after the war, and that, while European competition is slackened, our merchants and manufacturers should endeavor so firmly to establish themselves and the reputation of their goods in foreign markets as to enable them to hold those markets in the face of the fierce competition which they are sure to meet sooner or later.

The suggestion which I would emphasize more strongly than any other is that foreign commerce is essentially barter. We can not expect simply to sell to the peoples of other countries. We must also buy from them. The commerce of the world, with the help of modern banking machinery, is, under normal conditions, largely a matter of exchanging the products of each country for the products of other countries and leaving relatively small trade balances to be settled by monetary transfers. It is only under abnormal conditions, such as those which led to the recent placing by Great Britain and France of bonds to the amount of five hundred million dollars in the United States, that it is necessary to make

large international settlements in other ways than by the exchange of commodities. No part of the money represented by these bonds is to be sent abroad. It is to remain in American banks as a credit against which purchases of American goods in excess of imports of foreign goods are to be charged. While countries with the vast wealth of Great Britain and France can well afford, under the stress of war, temporarily to pay for imports with bonds which must ultimately be paid in cash or by shipments of goods, it is obvious that even the wealthiest country could not permanently settle large trade balances in this way. Statistics of the trade of Great Britain under normal conditions might seem to contradict this proposition, but it must be remembered that the people of Great Britain have an income from external sources substantially greater than the difference between the total value of their exports and the total value of their imports. This is so great that the wealth of the British people has steadily increased in the face of adverse trade balances. In any country without such a large income from other sources the ultimate result of imports greatly in excess of exports would be the depletion of her gold reserves and the breaking down of her credit. It is to our advantage, therefore, that the countries which buy our goods shall have large export sales themselves, either to the United States or to other countries.

As ocean-borne commerce can be carried on most economically when ships are able to obtain cargoes in both directions, it follows that, other things being equal, the people of any country will buy most largely from the country which buys from them, and in the same way we may expect to find that those of our ports which lead in exports are those having large imports, thus providing cargoes in both directions. This proposition that large imports are essential to building up large exports is supported by statistics. On account of the enormous export of war materials the figures for the last fiscal year were abnormal. Going back to the previous year we find that the total foreign commerce of the customs district of New York amounted to $1,904,926,864, of which 55 per cent consisted of imports and 45 per cent of exports. The commerce of the customs district of Massachusetts amounted to $225,631,151, of which 71 per cent were imports and 29 per cent exports. The commerce of the customs district of Philadelphia amounted to $161,665,926, of which 60 per cent were imports and 40 per cent exports. The commerce of the customs district of San Francisco amounted to $130,485,990, of which 51 per cent were imports and 49 per cent exports. Turning to the Southern ports we find that the exports were very much larger than imports. The

commerce of the customs district of Virginia amounted to $32,803,159, of which 78 per cent were exports and 22 per cent imports. The commerce of the customs district of North Carolina amounted to $30,005,310, of which 86 per cent were exports and 14 per cent imports. The commerce of the customs district of South Carolina amounted to $26,377,493, of which 79 per cent were exports and 21 per cent imports. The commerce of the customs district of Mobile amounted to $57,720,604, of which 88 per cent were exports and 12 per cent imports. The commerce of the customs district of New Orleans amounted to $283,223,582, of which 68 per cent were exports and 32 per cent imports, and the commerce of the customs district of Georgia, including Brunswick, amounted to $116,864,657, of which 95 per cent were exports and only five per cent imports.

A glance at these figures reveals one of the greatest difficulties in developing export business through Southern ports. It is obvious that Boston, New York and Philadelphia, with imports in excess of exports, will, under normal conditions, have an excess of outbound cargo space and will have ships bidding for cargoes. This gives them a decided advantage over the South Atlantic and Gulf ports at all of which exports are much greater than imports, meaning that a large proportion of the ships which carry exports from Southern ports must come to them empty or with only partial cargoes. It follows that if exports through the South Atlantic and Gulf ports are to be substantially increased our imports from the countries to which we export must also be increased. In this way foreign and domestic commerce will be linked together and our ports will become funnels through which trade will flow in both directions.

The problem of a seaport community seeking to build up foreign trade is even more complex than that of a manufacturer who wants to sell his products abroad. The latter must find his market and develop his selling agency. The question of how he shall ship is usually one of his minor problems. A Southern manufacturer of cotton goods with a market in South America might prefer, for reasons of sentiment or local patriotism, to ship through a Southern port, but even if he and other Southern manufacturers should be in a position to furnish regular cargoes for a steamer line through such a port it would be difficult to interest ship owners in establishing regular service unless they could be sure of return cargoes. Hence it is that articles produced in the South are largely exported through Northern ports served by steamers which carry cargoes in both directions and the Southern seaport wishing to build up

foreign commerce can do so on a large scale only by developing imports as well as exports. Its most difficult task is on the import side. The territory from which the South Atlantic and Gulf ports might conveniently draw goods for export consumes large quantities of imported goods of various kinds, most of which are brought in at Northern ports and shipped South by rail and coast-wise steamers. It is obvious that if a larger proportion of the foreign commodities consumed in the South could be landed at Southern ports and distributed from them one of the results would be to stimulate exports through those ports to supply return cargoes.

On account of the reciprocal character of international trade and the relation of imports to exports, I venture to suggest that the development of imports through Southern ports, as distributing centers is the most important thing to be done in the interest of building up the foreign commerce of the South. I fully realize the difficulty of this but I do not think it is impossible. It is not a task for a single man or a single corporation, but will require the united efforts of bankers, merchants, manufacturers and consumers, not only at the ports but throughout the territory from which exports would be gathered and in which imports would be distributed. It involves not only the concentration at the ports of the products of Southern manufacturing industries which use Southern raw materials but also the development at the ports or at easily accessible interior points of manufacturing industries that will use imported raw materials. I may illustrate what I mean by some specific instances:

Large quantities of hides are imported into the United States from the River Plate ports. We have already at Southern points quite a number of tanneries, some of which may use South American hides, but if they do they are brought into the United States almost entirely through Northern ports. There would seem to be an opportunity for the importation of hides through Southern ports and their distribution to Southern tanneries, but I venture to suggest that the interests of the port cities would be better advanced if, by the development in them of great tanning and leather goods industries, raw hides imported from South America could be distributed throughout the United States in the form of leather goods ready for use.

American manufacturers import large quantities of wool from South America and other countries. Little, if any of it, comes in through Southern ports. The South produces annually a considerable amount of wool, most of which is shipped to other localities to be manufactured.

There would seem to be an opportunity for the establishment in Southern seaport cities of woolen industries using imported and Southern wools. Conditions would seem to be particularly favorable for the manufacture of those classes of goods in which wool and cotton are combined.

The South uses each year large quantities of Brazilian coffee, most of which comes into the United States through Northern ports. Some part of this business might advantageously be handled through Southern ports.

Such illustrations might be greatly multiplied, but I have cited enough to emphasize the points that I am making, which are that foreign commerce is essentially the exchange of commodities, that cargoes in both directions are necessary to economical steamship operation, and that a large import business through any given port is a most helpful factor in building up export business. It is obvious, I think, that if we could have unloading at Southern wharves, ships bringing in South American hides, wool, coffee and other commodities, the task of securing exports to those countries would be greatly simplified.

The policy which I have suggested involves radical changes and readjustments. As I have shown the North Atlantic ports have the bulk of the import business of the United States. So far as these imports represent raw materials they are largely manufactured in the North. These conditions can not be changed in a day, but I believe that intelligent and persistent effort may bring about a gradual readjustment. Fortunately, economic conditions in the South are such as to make the task less difficult than it would have been a few years ago, and are constantly becoming more favorable. Not only is the population increasing, but, with the diversification of farming, and especially with the impetus which the experience of the past year has given to a system of agriculture under which the farmer will produce a much greater proportion of his supplies and will have the proceeds of his cotton as a surplus, we may expect to see his purchases of manufactured commodities increase. Diversified Southern farming, affording a broader home market for a great variety of goods, thus becomes a foundation for diversified Southern manufacturing, including those lines using imported raw materials. At the same time the Southern demand for imported manufactured articles, as well as raw materials, is broadening, and conditions are thus becoming more favorable for diversified imports through Southern ports.

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